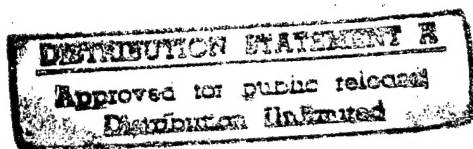


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Develop the Country Using Science and Technology

00000000 Hanoi TAP CHI CONG SAN in Vietnamese
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[Article by Dang Huu; not translated]

Reform Education in Accord With the Party's Renovation Line

00000000 Hanoi TAP CHI CONG SAN in Vietnamese
No 8, Aug 91 pp 6-10

[Article by Pham Minh Hac; not translated]

Our Economic Potential and National Defense Strength in the New Situation

923E0002A Hanoi TAP CHI CONG SAN
in Vietnamese No 8, Aug 91 pp 11-13

[Article by Lieutenant General Phan Thu, professor]

[Text] The national economic potential is the basis for national defense strength. But the relationship between the economy and national defense is manifested differently in each historical stage in each country. This issue must be examined under the light of the new world situation and our country's present situation.

As we know, from ancient times until today, no sovereign country has been able to survive without building an army strong enough to maintain national independence. This includes equipping the army with weapons that are either produced by the country's national defense industries or that are purchased.

If war breaks out, the strength of all elements is needed. This strength refers to integrated political, economic, and military strength. What cannot be lacking is sufficient military strength to repulse the enemy. Our military strength has many sources, but the leading factor is the correct political and military line and the able and creative military arts of our party. This factor has greatly multiplied the material potential of the Army. Some of the weapons used by our Army to defeat the enemy during the recent wars were the products of our domestic economy. But even more important were the products of modern world economies (which were either captured from the enemy or received as aid).

Ever since the south was completely liberated and the fatherland was reunified, the party has constantly given attention to defining two strategic tasks for our country's revolution: building socialism and defending the fatherland. The Sixth CPV [Communist Party of Vietnam] Congress affirmed that "the entire party, all the people, and the entire military have great solidarity and are resolved to use their spirit and strength to continue carrying out the two strategic tasks of building socialism and defending our socialist Vietnamese fatherland." In our country's difficult economic and social situation and the present trend toward reconciliation in the world,

some people want to retreat and focus on building the economy only. Clearly, this is not enough. Concentrating on building the country and making the country prosperous is correct, because we cannot have a strong national defense if the economy is weak. But it would be a mistake not to give attention to building our national defense potential, because only with a strong national defense can we defend our national independence, maintain political security and social order, and really have the peaceful conditions necessary for building the economy. The important point is that we must handle the above relationship well in practical activities using appropriate policies and measures in order to broaden those two strategic tasks.

In the renovation process, so that things are in accord with the changed international and domestic situation, we have revised our national defense strategy and gradually reduced the size of our Armed Forces. This does not mean that defending the fatherland is no longer a strategic task. The events that have taken place in Eastern Europe and in the Gulf region clearly show the very important position of defending national independence and the socialist system built by our people. We are maintaining our vigilance with respect to the insidious plots of those who oppose socialism. The struggle to defend our socialist Vietnamese fatherland in the present situation is an objective requirement for our people. Our people must defend the fatherland using their strength.

In conditions of peace, we must use this valuable condition to concentrate on construction on a nationwide scale. Socialist construction in our country is taking place in conditions in which the international situation is undergoing rapid and complex changes. Those forces that oppose the national independence movement and socialism are using insidious economic, political, ideological, and psychological stratagems in order to effect "peaceful change." At the same time, they continue to use the "military threat" as a means and are prepared to use military force when necessary in order to hit their targets.

Thus, our country's national defense and security tasks are to defend our socialist Vietnamese fatherland, maintain the country's independence and territorial sovereignty, and protect our country's socialist system. We must solidify all-people's national defense and build people's Armed Forces composed of three types of forces: main-force troops, local forces, and militia and self-defense forces. We must have a rational number of high-quality forces on active duty and strong reserve forces that are well managed. These are very important national defense tasks.

In the new international situation, we will no longer receive aid as in the past. Our economy must satisfy almost all the needs of the national defense tasks. This is a new requirement that has notably increased the burden placed on the national economy. Thus, the strategy for stabilizing and developing the economy and society must satisfy the pressing economic and social requirements

and create an economic and social basis for our national defense potential. In the process of economic and social development, it must be ensured that the country has adequate national defense strength. But even if the economy is strong, that does not mean that we will immediately have a strong national defense. Converting economic potential into national defense potential is not easy. The coordination between the economy and national defense must be clearly manifested in concrete plans in all economic and social spheres and sectors. The reason for coordinating the economy with national defense is to prepare the economic potential for the needs of the entire country and the defense zones, particularly the key zones, in line with the view of people's war and all-people's national defense to defend the fatherland.

Preparing economic potential for national defense does not mean simply reserving manpower, money, and materials for national defense. What is even more important is to have a plan to harmonize strengthening the economic potential, expanding production, and improving the standard of living with satisfying the need to be ready to defend the fatherland.

In developing the economic sectors, particularly the industrial sectors that are related to wartime military operations and to the expansion of our country's national defense industry, such as in building an infrastructure and expanding the heavy machine, precision tool, electronics, basic chemicals, and petrochemical sectors, there must be good coordination between the economy and national defense. Steps must be taken to ensure that the economic potential created is ready to be converted into national defense strength to defend the fatherland when necessary.

When formulating plans to build and expand the economic bases, attention must always be given to protecting the socioeconomic interests and national defense interests. These bases must ensure "the best" concerning the economic aspect and give attention to the need to support national defense in different situations on each front, in each zone and locality, and at each base. The socioeconomic development plans must be examined in conjunction with the defense plans. That will tie the economy and national defense to each other closely in each locality and transform the provinces and cities into strategic economic and national defense units. In order to do this well, the most important thing is to train the various echelon cadres in the various sectors, including cadres at the central echelon and in the localities, at the agencies that formulate policies, and at the specific development organizations. They must be taught about all-people national defense and a people's war to defend the fatherland. Military cadres at the strategic and tactical echelons and in local military organizations must have specific knowledge (based on corresponding standards) about the economy. In thought and action, military and economic cadres must always give attention to the relationship between the economy and national defense in order to coordinate activities and hit the

target of coordinating the economy with national defense in carrying out specific tasks.

The immediate thing is to concentrate on solving the following problems:

Budget funds must be provided to maintain, make effective use of, and economize on the existing weapons, ammunition, and technical equipment, because these are very valuable assets of our country, people, and military. Investments must be made in a number of new industries in order to revive the production of a number of types of parts so that we can repair and maintain the existing weapons and equipment and keep the technical and combat readiness factors high for our Armed Forces.

Ways must be found to maintain our national defense industry's present weapons production potential and capabilities. When necessary, we must purchase a number of types of weapons and technical equipment for our Armed Forces. But with the credentials of an independent and sovereign country, we must have our own national defense industry. Our economy must solve the problem of equipping our Armed Forces. The national defense industry must be a part of the overall industry of the country's economy. Because of this, we must invest the amounts necessary and gradually build and expand the national defense industrial system in accord with the capabilities and growth of our economy so that it can serve as the activist and mobilize the industrial sectors to produce many types of high-quality weapons and technical equipment for our military and fighting people, particularly items commonly used in a people's war if the country should have to engage in a war.

The hard-core national defense industries are the national defense enterprises having special technology and irreplaceable special-use equipment used to produce important parts or to perfect a number of types of weapons and military equipment. In peacetime, these enterprises can guide technology and, together with the organizations having jurisdiction, produce technical data and the conditions necessary so that the industrial enterprises that have been mobilized can participate in producing weapons and military equipment when necessary.

The industrial mobilization projects must be included in the plans of the economic and social sectors and spheres. The civil industrial enterprises of the economic sectors must be surveyed and evaluated in terms of production technology. Those enterprises chosen to serve as mobilized enterprises must be provided with the technology to produce various types of military products when asked to do so. In peacetime, these enterprises can continue to produce their usual economic products. Making preparations to mobilize industry is an important measure that will contribute to hitting the target of building an all-people national defense at a cost that can be born by the national economy and in accord with our country's industrial potential. As for laws, we must formulate documents on industrial mobilization and

state management and have mobilization mechanisms. Besides this, ranks of reserve technical laborers must be formed and maintained in order to support the national defense industry. They must be part of the military reserve force formation of the Armed Forces. At the same time, there must be a military reserves training system that is in accord with the use requirements of the national defense industry during wartime.

National reserves of special-use materials must be built up for national defense production, and plans and measures for mobilizing common materials in the national economy must be formulated in order to promptly satisfy national defense production and repair needs and mobilize industry. At the same time, steps must be taken to perfect the state's management mechanism and policies concerning national reserve warehouses and to be ready in any situation.

Attention must be given to formulating post-war social policies for the Armed Forces. Our country is suffering serious consequences from the war, and it will not be possible to overcome these consequences in just a day or two. The existing policies on the families of war heroes, war invalids, and demobilized soldiers must be implemented seriously and gradually supplemented as appropriate. At the same time, we must propagandize education, heighten the responsibility of all of society with respect to solidifying national defense, and fully implement the military rear policies. Actual experience has shown that places where the party committee echelons, authorities, and social mass organizations have seen their responsibilities usually have practical forms for implementing the military rear policies.

Basic Viewpoints and Orientation in the Reform of the State Apparatus

923E0002B Hanoi TAP CHI CONG SAN
in Vietnamese No 8, Aug 91 pp 14-18 [

Article by Doan Trong Truyen, professor and president of the National Administrative School]

[Text] Under the leadership of the party, our people and nation successfully carried out the August 1945 revolution. That led to the birth of a new type of state, the first worker-peasant state in Southeast Asia. For the past 46 years, with its revolutionary and democratic nature, our state has effectively managed the country on many fronts, including the political, economic, cultural, social, diplomatic, and national defense fronts. The state has clearly shown that it is a state of the people, by the people, and for the people. But along with its basic strengths and great achievements, when it switched to the new revolutionary stage, the state has manifested many shortcomings and weaknesses, especially concerning its organizational structure, management mechanism, and operating formulas. Thus, reforming the state apparatus is an objective and urgent requirement.

Reforming the state apparatus does not mean changing the revolutionary character or basic principles of the

state. And this does not mean simply changing a few things with respect to form, organization, and occupation and separating this from the basic issues of political, economic, and social renovation. The basic target of reforming the state apparatus is to improve its management results and effectiveness and enable it to play its role and perform its functions in the new state. The requirements of the reform process are:

The bureaucratic centralism prevalent throughout the state body must be eliminated, and a state of the people, by the people, and for the people and a state with socialist democracy must be built and developed.

Dispersion, lack of discipline, violation of the laws, and anarchic tendencies must be overcome. A jurisdictional state that is organized and that operates in accord with the laws must be built, and social laws must be adhered to.

Steps must be taken to overcome the lack of science, handicraft and partisan methods, and "family-ism." A regular, modern state that organizes and manages things in a scientific manner must be built.

Corruption stemming from bureaucratic centralism, a lack of laws, and a lack of science must be eliminated. A state apparatus having a rank of honest and capable civil servants who are devoted to serving the people and who have the confidence of the people must be built.

To hit these targets and satisfy these requirements, in renovating the state apparatus, we must grasp the following viewpoints and principles:

1. The reform of the state apparatus must be placed within the framework of renovating the political system.

Examined from the standpoint of organization, the political system is an organized body of political forces that is organized as a relatively stable structure and that determines society's direction of development. From the standpoint of function, the political system is a body of political relationships and represents the operating mechanism of society's political system. Our country's political system consists of the party, the state, the Fatherland Front, and the people's mass organizations. It is organized and operates based on a mechanism to protect the ownership rights of the people and the powers of the state under the leadership of the party. Thus, the basic problem in renovating the political system is to clearly define the roles and positions of the members in the system and to build the relationships among these members in accord with the laws and regulations and the wishes of the people.

Our party is the only political leadership force in society, but the party is not a political power organization in the sense of a jurisdictional organization that controls society through laws. When the revolutionary state came into being, that state had jurisdiction over all of society. It was the organization that manifested the will power of the people. It was then that the ownership rights of the

people were turned into law. Political power belongs to the people. The state is simply the people's representative in implementing those powers. There is no organization that is above the people. This also means that there is no organization above the state with respect to political power. If the party is the spirit and leadership core of the political system, the state is the center and backbone of this system. Before the birth of this new state of the people, there was no socialist political system, and the people were not the masters of society.

Thus, reforming the state apparatus must be related to renovating the organization and leadership methods of the party and enabling the state to play its role as a civil rights organization that fully implements its political powers. The party leads, but it does not replace state organizations. The party's resolutions must not be regarded as directives or as direct orders to the administrative organizations. The party's lines and policies become state resolutions and laws through propaganda and persuasion and through the legal system. In order to manifest the state's role, the party's apparatus must be simplified. There is no need to maintain a party apparatus that overlaps every organization and element of the state apparatus. Regardless of the situation, the party's role cannot replace that of the state. Conversely, the party must do everything possible to solidify and exploit the role of the state and strengthen the management effectiveness and results of the state. By doing this, the party will solidify its own position and role and gain greater prestige in society.

2. A state of the people, for the people, and by the people and a state with socialist democracy must be built. All rights belong to the people.

In the modern world, almost every state has written in its constitution the words: All power (or national sovereignty) belongs (or originates from) the people. The basic difference between the various political systems has to do with determining who the "people" are, to whom the state belongs, and to whom power belongs. The party's new program clearly states that the Socialist Republic of Vietnam is a state of the people, by the people, and for the people and a power organization of the people. This is a state having the powers of class rule and civil rights. It is the lawful representative of the people and serves all citizens and the entire nation. The organizational structure of the state apparatus and the policies and laws of the state must clearly manifest those two aspects. Thus, in reforming the state apparatus, the contents of socialist democracy must be thoroughly understood. This must be understood in terms of the state having two aspects. On one hand, the state must recognize the equality of every citizen in participating in building and managing the state and building a socialist society. On the other hand, it must implement organized and systematic dictatorship and suppression with respect to those forces that oppose socialism.

Democracy, with the credentials of a state form that has existed since the time of ancient Greece and Rome, was

developed during the capitalist period with bourgeois democracy, which has a class nature and various limitations. The socialist state is, by nature, the purest form of democracy, and it can truly free mankind. Here, I am talking about principles and laws once the development of society reaches the apex of socialism. Today, the state is still operating in socioeconomic, material, and technical conditions that are much lower as compared with a truly socialist society. Furthermore, there are even many aspects that are lower than those in modern capitalist society and that bear the marks of a backward and undeveloped society.

The problem is, even in such limited conditions as today, we must and can build and develop a socialist democracy in accord with the specific socioeconomic conditions in each stage. To do this, we must overcome the present mistakes and shortcomings and promote democratization in all spheres.

In the economic sphere, the main problem is to recognize the ownership rights of citizens and economic elements, their right to production and business freedoms within the framework of the law, and their right to enjoy the legitimate fruits of their labor. In the political sphere, the main problem is to ensure that citizens have truly democratic rights in electing their representatives to state power organizations. They must have the right to participate in formulating policies and developing the laws of the state. They have the right to monitor and criticize the civil rights organizations. In the administrative sphere, the public service organizations must serve the daily lives of the people in accord with the law and forms. These units must not be authoritarian or oppressive.

3. A jurisdictional state whose powers are one and indivisible must be built, but a distinction must be made between legislative, administrative, and judicial powers.

The power of the people was originally unified and whole. That power came into being in order to guarantee the democratic freedoms of the people and to maintain the public order of society. The direction of society was chosen by the people, and this was transformed into a political system. Corresponding to this, there was a unified and single state, the manifestation of a single and unified jurisdiction. There was not a central state and local states. There were not central political powers and local political powers. Such as state must be a jurisdictional state.

Every state has a jurisdictional nature. Jurisdiction is always manifested by the state. But a state can be a truly jurisdictional state only when it is a democratic state (even though that may be bourgeois democracy) in which power is conferred by the people and not god or heaven. As a state of the laboring people, our state must have the characteristics of a jurisdictional state. As Marx said, this jurisdiction is the will power of the working class and laboring people embodied as law, and the contents

of that will power are determined by the production conditions and the conditions of material life.

In reforming the state apparatus, steps must be taken to ensure that the state and every civil rights organization is within the framework of the law. They must be organized in accord with the law, and they must operate in accord with the law. The law is the norm for every organization and person. The laws are not just for citizens or for private organizations but for every agency, every person in a position of responsibility, and every juristic organization. The jurisdictional state is a constitutional state. That is, there is a constitution, which is the basic law, and a system of laws and regulations under the law to guarantee people's human rights and rights as citizens and to maintain social order. A legislative system, which is of a lawful nature, is a basic principle of a democratic state. A state in which society does not obey the laws is not really a jurisdictional state.

A jurisdictional state must be organized based on unified power, but a rational distinction must be made between the various powers. The bourgeois states all adhere to the principle of a division of power (legislative power, administrative power, and judicial power) based on the premise: In order to avoid an abuse of power, power must not be concentrated in the hands of one person or one organization. Instead, things must be arranged so that "power blocks power." This principle is manifested in different forms of state organization. In this, the powers are either clearly divided (as in a presidential system), there is a flexible, cooperative division of power (as in a parliamentary system), or there is some combination (as in many forms of combined state organization). In reality, there are many different forms of state organization, but no state has fully implemented the principle of a division of power.

We advocate organizing the state based on the principle that power is one and indivisible. But the rational factors of the tripartite division of power (legislative, administrative, and judicial) must be used in unified power so that each power fully manifests an effect and so that one power does not encroach on another. The National Assembly is the highest state power organization. It unifies all powers. It is the only organization with the power to make laws. Its function is to make laws, but it is not directly involved in administrative or judicial functions. No other organization besides the National Assembly has the power to make laws, that is, documents of a legal nature or documents contrary to the constitution and laws. The administrative organization, that is, the government, has the power to formulate regulations, control all of society in accord with the legal system, and issue legislative standards. The government cannot interfere in formulating laws, but it has full powers in formulating regulations and controlling all of society in accord with the laws. There must be legal documents that clearly demarcate the formulation of laws from the formulation of regulations. The judicial right of the courts to try cases independently must be clearly guaranteed. No organization or civil rights entity and no

party organization, regardless of the echelon, can interfere with the right of the courts to try cases independently in accord with the law.

4. The state holds ownership rights but it is not a commercial organization.

The ownership problem is a basic problem from two standpoints, the economic and the legal. In a multifaceted commodity economy with interwoven ownership forms, the socialist state must control ownership of the main means of production and of the key sectors. Socialist public ownership must be maintained, adjusted, and developed.

Erroneous viewpoints between state management functions and commercial management functions must be criticized. Ownership rights include the right to use and enjoy things and the right to make decisions, but the owners do not have to be businessmen.

The distinction between state control by the owner and commercial control by the users is manifested in the following five main characteristics:

a. State control is economic control at the macrocosmic level. It manages the national economy and all of the elements, sectors, and echelons using all of its strength and all of the tools and measures at its disposal. Commercial management refers to management by the economic units at the microcosmic level. They use commercial measures to produce material goods.

b. State control is control by strategy. The state formulates plans, policies, and mechanisms and creates an environment and passageway for commerce. Commercial management refers to the management of the economic units based on a market mechanism and the economic guidelines set by the state.

c. State management is management by political and legal power. Commercial management is management by independent economic units that have the qualifications of juristic entities, that operate within the framework of state law, and that are controlled by the state.

d. State management is regulated unilaterally by state laws and administrative laws. The commercial management of the economic units is regulated by the civil and commercial laws in accord with the principle of fairness.

e. State management is implemented using allocated budget funds. The commercial management of the economic units is implemented in accord with the principle of financial self-reliance, economic accounting, and allotments by the units themselves.

A distinction must be made between state management and commercial management, but it must also be realized that those two aspects cannot be mechanically separated from each other. Instead, they must be coordinated and unified with each other in the economic system and the economic management mechanism of the socialist state.

5. The principle of democratic centralism and the principle of coordinating management by sector and management by territory must be understood thoroughly.

Democratic centralism is a basic principle of socialist society. In order to understand this principle thoroughly, two things must be opposed: bureaucratic centralism and dispersion and confusion in state organization. This must not be confused with democracy, which is viewed as the form and nature of the state.

Opposing bureaucratic centralism within the state apparatus will not eliminate the lawful expansion of the economy based on accumulation, centralization, cooperation, and so on in order to gradually advance to large-scale socialist production. This will not eliminate the necessary unified centralism of management by the central state nationwide.

Along with opposing bureaucratic centralism, dispersion, liberalism, and anarchy (in the organizational structure and the operating mechanism of the state apparatus and in the thinking and behavior of people having a small-scale production orientation) must be opposed.

To coordinate management by sector with management by territory, the following categories must be clearly differentiated:

The economic structure includes the national economic structure, the sector economic structure, and the territorial economic structure (there is no central or local economic structure).

Sectors are economic, cultural, and social categories. They are the result of the division of social labor. They are formed and develop in accord with the level of development of the production and scientific and technical forces.

Territory is tied to the state. National territory is divided into administrative-territorial units. These units are managed by the local administrative echelons.

Ministries are a state organizational category (they are not sectors). They implement state management over the sectors or spheres on a nationwide scale and over the administrative-territorial units.

Sector production federations are production and business organizations with respect to the sectors.

The state (the central administration) and the ministries manage things on a nationwide scale. They are not concerned with things just at the central echelon. The local authorities manage things on a territorial scale in accord with the laws. They are not concerned just with local matters.

The mechanical division of the central and local economies and the confusion about the above categories has led to a dispersal of state power and a division of the national economy. This has weakened the centralized

and unified management of the central echelon and limited the initiative and creativity of the localities.

A widespread tendency on the part of many countries today is to democratize things and turn over powers to lower echelons, which is also referred to as decentralization. Tying economic renovation to renovation of the political system and administrative reform, the localities, specifically the provinces and municipalities, must be given broad state management rights based on forming within each province and municipality a territorial economic structure of strategic significance within the unified national economic structure. The central economy must not be separated from the local economy. This must lie within the general national economic and social strategy.

This means that within a single country (not a union), state power is manifested throughout the country. The "self-management of the localities" must be situated within a unified state, a unified constitution, a unified socioeconomic strategy and long-term plan, a unified financial and national banking system, a unified state organizational structure, and a unified legal system.

With an effective jurisdictional state in which there is centralization of power, the "self-management of the localities" does not mean dividing or dispersing state power, which could lead to "annexation." Instead, this means implementing the principle of democratic centralism in decentralizing management. The state (meaning the central echelon) must be unified and concentrate its key forces and strong powers. But with clear laws, it must also reserve for the local authorities (not local states) adequate powers so that the local authorities and people can fully exploit their potential and capabilities and resolutely fulfill their obligations to the state.

Market-Oriented Economy and State Democratic Politics

923E0002C Hanoi TAP CHI CONG SAN
in Vietnamese No 8, Aug 91 pp 19-22

[Article by Nguyen Phu Trong]

[Text] The reality of the past four years of renovation in our country allows us to draw an important conclusion: To carry on renovation successfully and move the country toward socialism correctly and effectively, it is essential that we develop a state-controlled market economy and have a democratic and stable politics. This is not only a theme and requirement of renovation but also the path and formula for advancing to socialism in our country.

A market economy in general is a market-oriented economy that follows market mechanisms. This is a commodity economy that is tied to markets and that uses markets as its condition for survival and operation. Markets, which are places where exchanges take place between buyers and sellers, control commercial production activities, and they are the most common feature of

a commodity economy. As the commodity economy expands, markets will expand and become an important factor in stimulating production. Some people think that a market economy is a developed commodity economy at a high stage.

Stated differently, a market economy is a social form of economic organization and activity. In this, the economic relationships between people are manifested through markets, that is, through buying and selling, exchanges using money, and through the commodity-currency relationship.

Arising and operating in an objective manner in specific historical conditions, the market economy reflects the level of civilization and development of society. It is a factor in the growth of the production strength, the growth of the economy, and the advance of society. At the same time, the market economy also has innate weaknesses that cannot be overcome, particularly blind spontaneity and ruthless competition, and that lead to bankruptcy, unemployment, periodic crises, and so on, which cause great misery.

For a long time, the socialist countries (including Vietnam) have failed to understand the problems of commodity production and a market economy, saying that commodity production is just a capitalist form of production organization. We have identified ownership forms with forms of economic organization and economic elements and slighted the law of value, the law of competition, and the law of supply and demand. We have seen only the negative aspects of markets and rejected market relationships. This has made it impossible to expand production, limited the use of the scientific and technical advances, kept labor productivity from increasing, created turmoil in distribution and circulation, and caused the economy to become rigid and develop slowly.

The sixth party congress held in December 1986 recognized that this was a subjective mistake stemming from voluntarism and a failure to understand the objective laws. The congress advocated developing a multifaceted commodity production, eliminating the bureaucratic centralism and state subsidies management mechanism, and making correct use of the commodity-currency relationship. It regarded this as a "solution of strategic significance that will contribute to freeing and exploiting every capability in order to expand the production forces." [Footnote 1] ["Political Report" of the CPV [Communist Party of Vietnam] Central Committee at the Sixth Party Congress] This was an important step in the economic thinking of our party. But even so, the sixth congress did not use the concepts of "market economy" or "market mechanism." And the talk about expanding commodity production was very cautious. This did not include all its aspects or elements. At the Sixth Plenum of the CPV Central Committee in March 1989, based on reviewing the practices of two years of renovation, the party was able to affirm that "developing a planned multifaceted commodity economy on the path

to socialism" is a problem of "long-term strategic significance. This has the nature of a law in moving from small-scale production to socialism. This manifests a democratic spirit with respect to the economy." "The market mechanism...must be used uniformly in formulating plans and economic policies." [Footnote 2] [Resolution of the Sixth Plenum of the CPV Central Committee (Sixth Term)]

These decisions were widely accepted by the people and were implemented very quickly. They have contributed to exploiting the great potential and creative strength of the people and given the economy greater vitality. The commercial and service activities are now more lively, and the face of the markets has changed rapidly. It can be said that one of the striking achievements in renovating the economy during the past four years is that we have begun shifting the economy from an in-kind, self-sufficient economy with a bureaucratic centralism and state subsidies mechanism to a multifaceted commodity economy that operates based on a market mechanism controlled by the state. Everyone has recognized this, and friends around the world have clearly seen this.

The Seventh CPV Congress strongly affirmed the market economy issue. The congress said that "developing a multifaceted commodity economy that operates based on a market mechanism controlled by the state is absolutely necessary in order to free and exploit the production potential in society." [Footnote 3] [Political Report of the CPV Central Committee at the Seventh CPV Congress] The Strategy and Political Report clearly stated that markets in Vietnam include consumer goods and service markets, markets having to do with production factors (such as capital, currency, foreign exchange), production materials and manpower markets, and domestic and international markets. Markets play a direct role "in guiding businesses in selecting spheres of activity, types of goods, scale of activity, techniques, and forms of production and business organization in order to achieve the greatest results in a cooperative and competitive environment." An effort must be made to soon "form perfect and complete markets and tie domestic markets to international markets. Forms that divide the markets must be eliminated completely...." [Footnote 4] ["Strategy for Stabilizing and Developing Our Country's Economy and Society to the Year 2000"]

This assertion is very important and manifests the great renovation in the party's economic thinking. This was a new step forward in theoretical understanding as compared with the Sixth CPV Congress.

However, the party does not regard a market economy as a panacea for every ill or as a way to stimulate growth regardless of the cost. If the market economy is made absolute, we will be making a dangerous mistake from the opposite direction. This is because a market economy has various limitations and weaknesses. It is characterized by great spontaneity and ruthless competition. It provides a favorable environment for the growth of many negative aspects and social evils. Even in

the modern capitalist countries, the state must still intervene in a number of production processes and regulate the markets (for capitalist aims, of course). The reality of the past several years has shown that a market mechanism has just begun to be used in our country. But along with the positive aspects, many negative phenomena have appeared. This includes running after profits, which has led to cheating, bribery, tax evasion, long-term debt, appropriation of capital, widespread commercialization, encroachment on the cultural, public health, education, and internal affairs spheres, and a rapid decline in moral and spiritual values. Feelings of friendship and comradeship have been slighted, with money controlling many family and social relationships. Many sacred feelings have been discarded, discipline and the laws are lax, the gap between the rich and the poor and social inequality are increasing, and selfishness and base pragmatism are increasing.

The new system does not permit the existence of such phenomena. The market economy that we are using must be controlled, guided, and regulated by the state based on a socialist orientation. State management must ensure that the market economy grows in the right direction and gives attention to the interests of the people, for the people, and by the people. There must be social fairness. At the same time, favorable conditions and a favorable environment must be created for production and business activities, activities must be controlled closely, and those who violate the law must be prosecuted. Naturally, state control cannot start from subjective will power using administrative or mechanical measures. The objective laws of a commodity economy (particularly the law of value, the law of competition, and the law of supply and demand) must be obeyed and applied correctly. In controlling the economy, the state must not interfere directly in business operations. Instead, it must create the conditions necessary to exploit the commercial drive of the economic units. The state must control the economy using economic methods, that is, using planning tools and policy levers (financial and monetary), and by using the laws, the reserve material forces, and even the control of the key state-operated economic sectors.

In summary, developing a state-controlled market economy is an important element of the economic model for advancing to socialism in Vietnam. In this, the orientation and balance of planning must be coordinated with the dynamism of the markets. Using a market mechanism does not mean breaking away from planning. Rather, the purpose of this is to carry on planning better in accord with the objective laws and achieve better results.

We have a policy of expanding the market economy, but the party continues to implement a system of one-party leadership and state control based on the principle of democratic centralism. There seems to be a conflict here, and some people have attacked us on this point, demanding that we "renovate" the political system in line with a political pluralism and multiparty model. But

actually, there is no conflict between a market economy and one party leadership. This is because these two spheres are completely different, and they operate according to different laws. Just because there are many economic elements does not mean that we must have political pluralism. The history of many countries has shown this quite clearly.

On the other hand, that does not mean that we don't need to renovate the political system. On many occasions, the party has pointed out that along with renovating the economy, we must gradually renovate and perfect the political system. Economic renovation is the basis of political renovation, and political renovation is a condition for economic renovation. We cannot develop a multifaceted commodity economy, practice economic accounting, implement economic circulation throughout the country, and open the door to the outside unless we renovate the organizational structure, apparatus, cadres, mechanism, and work formulas and methods. A dynamic market economy does not fit in with a rigid bureaucratic management mechanism, an authoritarian work style, or a cumbersome apparatus. The question is how to renovate politics effectively in order to create favorable conditions for renovating the economy and not disrupt economic renovation.

The seventh party congress pointed out that renovating the political system in our country is aimed at building and gradually implementing socialist democracy, manifesting the ownership rights, creativity, and dynamism of the people, and ensuring that power really belongs to the people under the leadership of the party. Democracy is the essence and soul of the new social system and the need and hope of the people. Our country's political system is a socialist democracy. Socialist democracy differs from capitalist democracy in that this is a democracy of the great majority of the people, above all of the laboring people, and it is tied to social fairness and opposes oppression and injustice. Democracy is implemented in reality by both indirect and direct forms in all spheres of society, and this is guaranteed by the law. Manifesting democracy is both the target and the motive force of the renovation movement and of socialist construction in our country.

For more than four years now, although there have been many limitations and shortcomings, our party and society have made new advances in implementing democracy. The new mechanisms and policies have increased the independence of the economic units and exploited the potential of the economic elements. Everyone has been allowed to carry on business activities freely in accord with the law. Cultural, arts and letters, information, press, and publishing activities have made advances with respect to information contents and means, research and creativity, frank discussion of various ideas, and open criticism of the negative phenomena. The people have contributed ideas concerning many of the important positions, policies, and laws before decisions have been made. Typical examples are the activities to contribute ideas to the documents of the

seventh party congress. A number of renovations have been made in the contents and operating formulas of the organizations in the political system based on manifesting internal democracy and the ownership rights of the people, increasing the responsibility and powers of the elected organizations, and improving the management effectiveness of the authorities at the various echelons. A number of organizations have been reorganized, many cadres have been replaced, the size of a number of boards, ministries, committees, and general departments has been reduced, and many mid-echelon departments and bureaus have been eliminated. The management apparatus in many places is smaller than before. Since the Seventh Congress, the high-level leadership organizations of the party have undergone notable renovation. In the Politburo and Secretariat of the CPV Central Committee, Sixth Term, 11 comrades were not reelected to the CPV Central Committee, Seventh Term. That is a very new phenomenon.

Thus, the past period has been a period of political renovation in our country. The party and state have not acted conservatively on this issue. But our experiences show that political renovation must proceed in accord with reality. Good preparations must be made, because politics is a very sensitive sphere and can easily affect many complex relationships in society. Renovation that leads to instability and political disorder is unacceptable. In contributing ideas to the documents of the seventh congress and in debating things at the various echelon party organization congresses, round 1, and at the recent national party congress, most people agreed that renovating the economy and other spheres while managing to

maintain political stability is a great achievement and a valuable lesson of our country. Reality has shown that if there is political instability, the country will have to deal with disorder and will not be able to develop and grow or carry on renovation. If we are not alert to this, there could easily be a reaction, and a major disaster could occur. The cost of that could be incalculable.

The reason why we have been able to renovate and still maintain political stability is:

During the renovation process, we have constantly adhered to the basic principles. We have not deviated from the targets or rejected the past completely just because of renovation. We have renovated things but have determined the steps, prepared things carefully, and not done things hurriedly or gone to extremes.

In expanding democracy, we have always guarded against extreme democracy and clearly stipulated that democracy must go hand in hand with centralism, discipline, the laws, and the concept of the responsibility of citizens. On one hand, democracy must be manifested, and on the other hand, there must be correct leadership in order to manifest democracy better. There must be democracy for the people, but those who want to destroy the fruits of the revolution and disrupt public security and social order must be punished.

In replacing and reassigning cadres, attention has been given to combining older cadres with newer cadres and coordinating the three age groups in order to maintain continuity in each of the leadership organizations. Combining many age groups is one of the good lessons in the cadre work of our party.

Research

A Few Thoughts on a Market Economy

00000000 Hanoi TAP CHI CONG SAN in Vietnamese
No 8, Aug 91 pp 23-26

[Article by Truong Van Cau; not translated]

Special Features of Socialism—Method of Approach

923E0002D Hanoi TAP CHI CONG SAN
in Vietnamese No 8, Aug 91 pp 27-29

[Article by Nguyen Tinh Gia, M.A. in philosophy]

[Text] We have talked a lot about socialism. However, the realities of socialist construction over many decades have shown that we don't have a profound understanding of socialism and that we don't have a clear "conception" of socialism. In today's crisis concerning both theory and practice, we must have a new approach if we are to understand the fundamental issues of socialism, including the special problems of socialism.

Applying the laws of dialectical materials to studying the development of capitalism, Marx and Engels predicted the social future of mankind. However, because they were not utopian prophets, they did not make detailed predictions about the new society. Thus, the main requirements in applying the principles of Marx and Engels is to relate these to the practices of each country. We must always have a creative spirit and avoid dogmatism.

Lenin always advised communists to enrich Marxist theory and not to regard that theory as something that is perfect and inviolable. [Footnote 1] [Lenin, "Collected Works," Progress Publishing House, Moscow, 1978, volume 4, page 232] Lenin criticized people for "stupidly repeating memorized formulas instead of studying the special characteristics of the new reality." [Footnote 2] [Lenin, "Collected Works," Progress Publishing House, Moscow, 1981, volume 31, page 161]

We know that the leading viewpoint of the classicists on socialism is that socialism is not a state that must be created or an ideal that must be modeled by reality. Rather, it is a practical movement. Lenin said that "Marx did not image or dream up a 'new' society. Marx studied the growth of a new society from the old society. He studied the forms of transition from one society to another society and regarded this as a natural historical process." [Footnote 3] [Lenin, "Collected Works," Progress Publishing House, Moscow, 1977, volume 33, pages 59, 60] Thus, both theory and practice show that to understand the special features of socialism, we must take a scientific approach. We can't understand the special features of socialism just by comparing the various aspects of capitalism and socialism, examining socialist construction practices during the past decades, or taking excerpts from the classics. The important thing

is that to recognize and determine the special features of socialism, we must base things on the nature and targets of socialism and start from the specific historical circumstances of each country in the process of building socialism.

Actually, Marx and Engels clarified the most basic features of socialism after studying the development of capitalism. Today, we can see that some of the special features that they predicted long ago have just come into being. This is easy to understand, because the history of mankind does not develop in a straight line and so today's practices cannot be "forced" to follow the predictions.

The Marxist classicists gave us some fundamental principles concerning socialism. This has given us a basis and methodology. Thus, it is incorrect to say that this legacy is a complete picture with all the details necessary regardless of the situation. And if that methodology is correct, the special features of socialism predicted by Marx and Engels are still of value in the evolution of man.

Here, I will not discuss the special features of socialism predicted by Marx and Engels, because that would take a long time. Instead, I would like to discuss a way to approach socialism through the developmental steps of history and consider the elements of that process.

Applying the ideas of Marx and Engels to the specific historical conditions of Russia after the October 1917 Revolution, Lenin immediately observed that it is not appropriate to directly put the special features of socialism mentioned by Marx and Engels into reality. With a policy of "wartime communism" for advancing to socialism, Lenin saw that that was a mistake, particularly for a backward country such as Russia. Thus, his viewpoint on socialism changed fundamentally in accord with Russia's specific historical situation in order to attract the masses of laboring people and get them to participate in building socialism. Lenin applied the following formula regarding socialism: a Soviet regime added to electrification of the entire country. That was a profound concretization of socialism. Lenin said that given the economy, technology, and level of civilization of Russia at that time, it would be folly to apply the special features of socialism mentioned by Marx and Engels.

To avoid illusion among the masses and affirm the truth that building socialism requires using capitalism as a "social target," Lenin applied a very bold formula: "Socialism consists of the Soviet regime added to the rail order of 'Pho,' the management style of the American Taylor, and American national education." [Footnote 4] [Lenin, "Collected Works," Progress Publishing House, Moscow, 1979, volume 36, page 684] Lenin said that once a worker-peasant regime had been established, the important thing was to establish standards of economic and cultural development, such as the standards in the developed capitalist countries. It would be naive to think

that to reach the same level of civilization and the same technical and spiritual level as the developed capitalist countries, it is necessary to take the capitalist path of development, which is filled with "blood and mud," just like those countries. Lenin chose a different path. That is his New Economic Policy (NEP). He said that the NEP will give rise to a socialist Russia. On occasion, Lenin said that a civilized cooperative system is a socialist system.

Thus, it can be seen that the special features of socialism mentioned by Marx and Engels are valuable special characteristics of the final goal. But the process prior to that must be discussed in greater detail and more clearly in accord with the realities of each nation and people. Lenin's viewpoint on the special features of socialism are particularly valuable to backward countries such as Vietnam that are advancing to socialism without passing through the capitalist stage of development.

In Vietnam, when he accepted Marxism-Leninism and applied this to the specific situation in our country, in many of his speeches and particularly in his testament, President Ho Chi Minh did not talk about anything lofty or remote when discussing socialism. According to President Ho, socialism refers to a country that has gained its independence, where the people are free, and where everyone has food to eat, clothes to wear, and a chance to go to school. Thus, in each specific situation in each specific historical period, the special features of socialism must be understood in accord with the socioeconomic situation and the people's standard of culture. That is the only way to have values and achieve results in mobilizing the masses to carry on the revolution.

We know that the special features of socialism can be said to be the most common and most wonderful values of mankind. But what is even more important is to manifest those values in real life in each country and nation. In particular, today, in order to clarify the special features of socialism, we should not confine ourselves to concretizing the special features mentioned by the classicists. We must also give attention to the new features created by the new age. For example, present-day socialism must handle many very important relationships: between developing the economy and implementing social policies, between developing the economy and society and protecting the environment, between the economy and society and the population, between peaceful construction of the country and the capabilities for defending the country, and so on. Only in this way will the socialism that we are building be able to gradually take on the special features mentioned by Marx and Engels and avoid the mistakes and illusions of past years.

It can be said that modern capitalism is making an effort to carry on a socioeconomic "adjustment" process based on using socialism as the "social target" in order to gradually "perfect" itself. During the past period, this process has achieved certain results and "attracted" many people to the so-called "superior characteristics"

of modern capitalism. Actually, to evaluate a society, in pointing out the superior features and the general and special values of that society, people cannot look just at the outward phenomena but must study things deeply in order to see the "concealed" features. Furthermore, in order to affirm and generalize the outstanding features of a society, people must start from specific values manifested in daily life. However, here, we must overcome two deviationist tendencies: Some people say that everything that we have achieved to date is socialism and that these things manifest the special features of socialism. Thus, we can "be satisfied" with the socialism that we have. Others say that because of subjective mistakes, socialism has been completely transformed. The things that we have achieved to date have nothing to do with socialism.

I think that the superiority of socialism is affirmed above all in its existence, even though it must now undergo self-renovation. However, if this is approached from another angle, from the true superiority of socialism with its full power of persuasion in actual practice, clearly, that is a future target for us. This is because the material and technical preconditions and the socioeconomic preconditions for implementing this do not yet exist. However, that is no reason for saying that life today has not manifested any of the special features of the new society.

Under socialism, man is gradually becoming the master of social life. Creating the conditions that will enable man to live a better and more wholesome life is the leading requirement of socialism. Socialism must manifest its ability to develop "free men," which is both the goal and condition of the highest form of development of society and the precondition to enable each individual to develop his natural abilities like an "individual theme." Thus, a basic characteristic of socialism is that it does not reduce the human role of each individual but uses "individual themes" as the precondition for social development.

The special features of the new society depend not only on the relationships in an integrated social system but also on the relationships of the social groups, which people refer to as "micro-environmental conditions." These "micro-environmental conditions" directly affect the formation and development of man, which is different from the indirect influence of the broader socioeconomic conditions. Socialism can eliminate the basis for the creation of the negative aspects of man on the scope of society as a whole but it cannot eliminate the basis for the creation of the negative aspects of each person in the different "micro-environmental conditions." Thus, when renovating the environment of all of society, attention must be given to the living conditions of each person in the various "micro-environmental conditions," particularly in the conditions of today's multifaceted economy.

People always have material needs, and those needs must be satisfied. However, during the period when social production is still not developed enough to satisfy

all the needs of each person, more than any other society, socialism must do away with the situation in which the needs of one person are satisfied by sacrificing the needs of another person. Under socialism, expanding production must be tied to changing the way that social goods are divided. Only in this way will it be possible to gradually overcome the "depravity" of man under socialism.

Life is usually very rich and varied, and it constantly makes renovations and develops. Conflicts in the relationship between man and man are natural. Conflicts between this group and that group and between this leader and that leader have to do with the issue of the human interests and rights of each individual. However, the most important issue, which determines the difference between one society and another, is the nature of and the ability to resolve these conflicts. Socialist society is a society of "each person for all and all for each person." This is the basic characteristic of socialism. Man exists through interest relationships. The problems are related to the interests of man and also to their freedoms and democratic rights. Socialist democracy must approach human problems from their essence, such as the relationship to human interests, human rights implemented for each individual, and so on. State another way, the socialist state must always put the human factor in the leading position with respect to every problem of life. If the human factor is neglected when resolving the social conflicts, it will not be possible to convince people of the superiority of socialism.

The special features of socialism do not appear on their own but through the revolutionary understanding and actions of people. In order to avoid new dogmas in defining the special features of socialism, there must be a correct method of approach. This means that in building socialism, we must correctly determine on what "rung" this socialism is on in that socioeconomic formation. And we must determine to which "element" this corresponds in the natural historical process. Only in this way will we be able to correctly determine the special features of socialism.

Marxism-Leninism and Humanitarianism

923E0002E Hanoi TAP CHI CONG SAN
in Vietnamese No 8, Aug 91 pp 30-32

[Article by Pham Xuan Phuc, M.A. in philosophy]

[Text] For a long time now, the enemies of Marxism-Leninism have charged that communists are the incarnation of rigidity and violence who view terror and violence as the only means for reforming society. They say that Marx took a humanitarian position only in his youth and that Lenin was the creator of terrorism. Those who came after them were just sheep who implemented this anti-humanitarian theory.

Today, the anti-communists are looking for a way to refute Marxism-Leninism, which is a theory that joins together the objective laws and prospects of historical

development and which is an important scientific theory in man's transition from what the classicists of Marxism called "the prehistory of human society" to communism, the realm of freedom for all men. There are many "proofs" that in the new conditions of the scientific and technical revolution and the crisis of socialism, the ideals of scientific socialism are "outdated and without hope." According to these people, not only does socialism preserve the old corrupt forms of man but also gives rise to new corrupt forms because of the lack of democracy.

Is Marxism-Leninism outmoded and no longer suitable in the face of today's changes? Or is Marxism-Leninism still the most humane theory of mankind and in accord with the existing conditions and development of man? To answer these questions, we must examine the ideological roots of Marxism and look at the theoretical legacy of the classicists.

The problem of man, his position, role, and obligations in society, and the problem of liberating man and society have always been the central problems of Marxism-Leninism.

Marxism-Leninism views man not only as a natural entity but also as a social entity and as a theoretical precondition of the scientific method of approach with respect to the new humanism. This method of approach affirms that "man is a synthesis of social relationships." Man is a natural entity that is completely different from [other] animals. The value of man is the highest value in the world.

The highest humanistic ideas of Marxism-Leninism are manifested by the fact that this is a theory on the paths and forms for the all-round liberation of man from oppression and degradation. It is a theory leading to justice in society. Marxism-Leninism has pointed out that liberating the working class is the basis for liberating social man. While struggling to free itself from every form of economic, political, and spiritual slavery, the working class, a social force whose interests are in accord with the interests of all mankind and the mature social needs of social progress, will free each oppressed person and class.

The world historical process of freeing people and developing their personality cannot take place outside society. This must take place in society and with the help of society. This process is closely tied to social development. It is also tied to abolishing capitalism through revolution and replacing this with a new and higher socioeconomic form—a communist society. Marx viewed the society of the future as a return by man and as the elimination of human corruption. This means that in previous forms, man has stood aloof from society, that is, man has not really been a "social man."

Socialism, the first stage on the path of transforming a society with antagonisms into a classless society, is a necessary historical stage in the development process of society. In this, the development of man must be regarded as the main goal. The formation of a fully

developed and all-round personality will become the most effective formula for expanding the production forces of society.

The classicists of Marxism-Leninism pointed out the dialectical relationship between the revolutionary reform movements and the liberation and development of man and the effects that these have on each other. They regarded the formation of the new personality in socialism as a very important point for reaching a high level of civilization.

Marx said that the expansion of mankind's forces, with the credentials of a spontaneous goal and the "realm of real freedom," will begin along with communism. This means that socialism and communism will create equal development capabilities for every member of society and make it possible to provide good conditions for the development of man with the credentials not only of social reality but also of biological reality.

Marx, Engels, and Lenin clarified the humanistic nature of communist ideals. They tried to point out the boundless spiritual richness of character in the future society. This richness is manifested in the all-round and harmonious development of the capabilities and talents of each individual and in the unleashing of the potential creative forces in each individual and using them in a creative way to create a truly humane and democratic society.

Marxist-Leninist humanism gives priority to the basic interests of individuals, to satisfying their needs, ensuring fairness and the necessary conditions of life, and to giving freedoms to each individual. "The growth of each person's freedom is necessary for the growth of the freedom of all people." [Footnote 1] [Marx and Engels, "Communist Manifesto," Su That Publishing House, Hanoi, 1974, page 81] Finally, this will humanize all the material and spiritual relationships in society.

Lenin resolutely said that the new society and its organizations have been created "in order to ensure prosperity and maintain the free and all-round development of every member of society." [Footnote 2] [Lenin, "Collected Works," Progress Publishing House, Moscow, 1978, volume 6, page 261] Engels, too, talked about creating living conditions for all people so that each person can develop their nature freely and live within relationships of a social nature.

Lenin constantly stressed that the main goal of this revolution is to create conditions for life and work worthy of man, constantly increase the prosperity of all peoples and of each individual person, and constantly expand the boundaries of human freedom in conjunction with affirming that character is an important element of social progress.

According to Marxist-Leninist views, the objective tendency to carry on all-round liberation and develop man with the credentials of personalities must be closely tied to the struggle to create the necessary conditions for this. The conditions for developing personality can have

suitable forms in society only if the development of the rich potential of man is the main goal. In this, man must recreate himself in all respects. Man must not be satisfied with something regarded as the "end" but must always be in the absolute state of "giving birth."

The transition to socialism and communism is a path aimed at enabling man to reach a new state in the movement of objective history. Man will leave the "realm of weakness" and enter the "realm of freedom." The advance of mankind, of each nation, and of each individual on the path of humanizing relationships among people and humanizing society will reach new levels.

The value of people, the creators of all material and spiritual values, is the highest value. With a deep belief in man and the working class, in the ability of the laboring people to rise up and liberate themselves, and in the ability to build a new society, a communist and humanitarian society, in the world, instead of being the means, man will become the highest goal of social development. These are the most important views of Marxism-Leninism concerning humanism.

In today's conditions, socialist humanism, which is something that cannot be separated from the Marxist-Leninist world view, has certainly not lost its significance. Marxist humanism is the theoretical basis for new ideas. This affirms that the goal of communists is not to destroy but to create and to build a new social order free from oppression and exploitation, a new social order in which there is justice, fairness, peace, democracy, and happiness for people. Everything is for man. "Man is the measure of everything."

Following the path of Marxism-Leninism, President Ho and our party chose the path of creating a society here in which "man is free and the laboring people are the masters of the country. There will be a highly developed economy and a progressive national culture. Everyone will be prosperous, free, and happy. The conditions will exist for developing individuals in all respects. Social fairness and democracy will be ensured. There will be solidarity and equality among the people in the country, and they will help each other. We will have friendly relations with the other peoples of the world." [Footnote 3] [Draft Program on Building Socialism in the Transitional Period] Having such a society is the hope of our people and of each of us.

Exchange of Opinions

Prices and Inflation in Our Country in the Period of Transition to a Market-Oriented Mechanism

923E0002F TAP CHI CONG SAN in Vietnamese No 8, Aug 91 pp 33-37

[Article by Nguyen Thanh Bang, Ph.D. in Science, Economics Department of the Central Committee]

[Text] 1. In an in-kind economy, the prices of almost all types of commodities and services on the social markets

are fixed by the state, and, in general, these do not reflect value or follow the supply and demand relationship. The inefficient price system has caused mistakes to be made in calculating revenues and expenditures and turned economic accounting into just a false form. Because of this, the price system has failed to stimulate production and business activities and contributed to distorting the distribution of income and the sources national strength. The application of the scientific and technical advances and the improvement of management have not been promoted in order to reduce product production costs.

Because of this, the economy has developed extensively but not intensively, which has led to a general imbalance and an inflationary deficit from both directions in the supply-demand relationship. That is, this has led to underground inflation in conditions in which the state has maintained a fixed price system and revised central prices.

During the time that the country was at war, the economic phenomena mentioned above were concealed by the large amounts of foreign aid provided us. After the south was liberated, the economic model in the north was expanded to the country as a whole, and the direct planning model and the fixed price and centralized price revision mechanism were used in order to run the entire national economy. Today, the international situation and our country's socioeconomic situation are very different from those that existed during the war. We are no longer receiving any free aid. Foreign economic relationships have changed to state store exchanges involving loans and payments. Thus, the shortcomings in the structure mentioned above have gradually been exposed.

Added to this, serious natural disasters occurred frequently during the period 1978-1980. These greatly damaged agricultural production. The wars along the southwestern and northern borders caused more losses and created large expenditures. Also, a number of countries imposed an economic embargo. As a result of these things, our economy is in a serious crisis.

From 1981 to 1984, the state launched many campaigns to adjust prices and wages, but because it tried to solve the problems in a hurry without tying this to an all-round reform to restructure the socioeconomic system, the price situation continued to grow worse. In order to prevent prices from increasing too much, the state continued to cover the losses to the point where the budget deficit could no longer bear this. The state then tried to overhaul everything, which led to unforgivable mistakes in the price, wage, and currency adjustment in October 1985. As a result of this, inflation shot up from 91.6 percent at the end of 1985 to 487.6 percent at the end of 1986.

The fundamental error in the reform of the price system was that the state switched from eliminating state subsidies through prices to doing this through credit, which led to a flood of currency, pushed up market prices,

caused the value of the dong to decline, and led to a new round of inflation that was even more dangerous and destructive.

Our country's economy was then in a very dangerous situation and so reducing inflation became an urgent task of vital significance to the country.

2. The red thread running through the anti-inflation solutions that were applied beginning in 1989 was the idea of reforming the price system based on a market mechanism and fundamentally abolishing the system of fixed prices and central price changes, accepting average supply and demand prices for almost all consumer materials and most of the means of production, and raising interest rates on savings deposits to a level higher than the inflation rate in order to reduce the amount of money in circulation, reduce the inflation psychology, and put pressure on inflation. At the same time, the state pledged to maintain the value of the money that it had borrowed from the people. A unified and flexible rate of exchange was used in line with the market value of the dollar. People were allowed to bring gold and foreign currency into the country freely. Foreign goods were allowed to be imported, with suitable tariffs stipulated by the state. The printing of money was reduced more and more in order to compensate for the budget deficit. Reserve funds (grain, gold, dollar, and so on) were established in order to actively regulate supply and demand when necessary, with the aim being to contribute to stabilizing market prices.

This was a renovation in renovating economic thinking in Vietnam following the major decision made at the sixth congress: Instead of simply developing a multifaceted commodity economy, it was basically accepted that we must have a market price mechanism.

The result was very unexpected. Inflation declined rapidly. By the end of 1989, the inflation rate was only 34.7 percent. Even though the rate of growth of the money supply was still high, 142.4 percent, this was very low as compared with the rate of almost 400 percent at the end of 1988.

Clearly, we had taken the right medicine in order to reduce inflation. And in my view, we took just the right dose, not too much as some people said (see Vu Ngoc Huynh, TAP CHI CONG SAN, June 1989, pp 57-61).

The inflation index for February 1989 was 9.2 percent and so the state raised the interest rate on regular savings deposits to 9 percent effective 16 March 1989. The interest rate on three month certificates of deposit was raised to 12 percent a month. This was a necessary stimulatory measure in our country's socioeconomic situation at that time. Thanks to that, in less than a month, the state was able to borrow hundreds of billions of dong from the people and greatly reduce the amount of currency on the social markets.

Besides this, from the beginning of the second quarter of 1989, the state raised loan interest rates to 6 percent a

month (the average monthly rate of inflation during the first quarter of 1989 was 7.3 percent), and this contributed to limiting the rate of growth of the money supply.

The initial renovations made in the credit policy based on adhering to the law of value and the supply and demand relationship together with the other synchronized solutions resulted in the commodities and materials in the reserve storehouses of the economic units and households and from other sources to flow onto the markets. This quickly increased supply and at the same time limited demand, which reduced the commodity-currency imbalance. This, in turn, weakened the inflation psychology and contributed greatly to reducing inflation.

In my view, the results in fighting inflation will be even better if after stabilizing prices at an ideal level (from April to September 1989, prices rose at an average rate of 0.11 percent a month) we switch to a market price mechanism in the currency sphere and force the commercial banks to switch to real commercial activities in a multifaceted capital market. This step will be decisive for completely eliminating the bureaucratic centralism and state subsidies management mechanism and switching to a market mechanism. The capital for production and business activities must be distributed mainly through the capital markets and not through the state bank as in an in-kind economy.

At that time, the role of the state will be that of a "midwife" in order to restructure our country's economy based on a redivision of the local labor. In doing this, the state economic sector will be reorganized.

3. Unfortunately, in the favorable conditions mentioned above, we have continued to adjust credit rates based on a state subsidies mechanism instead of a unified method. On 1 June 1989, the banks reduced interest rates on savings deposits to 7-9 percent a month. Interest rates on loans held steady at 6-6.5 percent a month. On 1 July 1989, interest rates on savings deposits dropped to 5-7 percent, loan interest rates dropped to 3.3-4 percent a month, and preferential interest rates dropped to 2.1 percent a month. At the same time, the average rate of inflation during the second quarter of 1989 was 0.13 percent a month, and during the third quarter it was just 0.10 percent.

This irrational aspect continued until 10 February 1990 and caused many difficulties for the state bank as well as for production and business. This also disrupted the multi-faceted capital markets, particularly in the private economic sector. As for the state economic sector, only those units that were financially independent and not overly dependent on bank loans were able to continue production and business activities. The rest looked for ways to share the price differences with the banks, price differences caused by the irrational interest rate policy. Or they fully exploited the loopholes in the economic management regulations in order to make a profit.

The worsening state budget deficit led to linked debt between the economic units. Many state enterprises were on the brink of bankruptcy. At the same time, the "weevils" in the banks and state management apparatus used the irrational credit rate policy to enrich themselves illegally, which pushed the state farther along the path of state credit subsidies by printing more money to rescue the state economic units that were operating at a loss and to cover the budget deficit. The average monthly rate of inflation rose to 2.7 percent in the fourth quarter of 1989 and to 2.9 percent in the first quarter of 1990. Because of this, the banks lowered interest rates on general savings deposits to only 2.4 percent a month as of 20 March 1990 although there was absolutely no theoretical or practical basis for this.

Thus, the bank's irrational interest rate policy and the other loopholes in the economic management regulations contributed to limiting the achievements of the synchronized anti-inflation measures. In my view, this is one of the main obstacles in the transition to a market mechanism.

4. Since the end of the second quarter and the beginning of the third quarter of 1990, because of the changes in the foreign economic relationship with the Soviet Union, the price of most of the important materials imported by many of our production and commercial sectors have increased in accord with international market prices. On the average, prices have doubled as compared with before based on the value of transferable rubles, which has pushed up price levels on the social markets.

Since the third quarter of 1990, prices on our country's markets have born the serious effects of the crisis in the Persian Gulf. The price of petroleum has increased, and this has had an effect on electricity prices, transportation costs, and the other important prices in the economy.

Added to this, the loopholes in the economic management regulations in general have not been plugged. Many things have been allowed to drift on their own, particularly at the microcosmic management level. And when a crisis arises, old methods are used to deal with things on a "crash" basis. As a result, there is a serious imbalance between supply and demand for a number of types of products on the social markets, particularly cement, gasoline and oil, and fertilizer (types of materials for which the state still maintains a "two-price mechanism" and on which the state organizations still have a monopoly). This situation, added to the irrational aspects in the organization of the materials and commodity circulation system and in the new tax policy that was implemented on 1 October 1990, has contributed to pushing up the price of a number of types of goods.

The integrated effect of the above factors has clearly raised price levels on the social markets. Average monthly prices increased 2.4 percent during the second quarter of 1990, 4.5 percent in the third quarter of 1990 and then 7.5 percent in the fourth quarter of 1990, where they leveled off. But then in the first quarter of 1991,

prices jumped 13.2 percent in January. They rose only 0.5 percent in March, but rose 2.4 percent in April 1991. In the coming months, prices will almost certainly continue to rise.

Thus, the escalation of prices on domestic markets since the middle of 1990 is quite clear. With this trend in the country's present situation, the inflation rate in 1991 will definitely hit three figures unless resolute measures are implemented to block this.

If this happens and if this is added to the disasters in agricultural production, this will pose a great difficulty for renovation.

5. As analyzed above, in order to implement state subsidies through capital, the state has used its power to put more money into circulation in order to cover the budget deficit and issue credit to the state economic units at interest rates that are much lower than the rate of inflation (sometimes the rate has approached zero) and in order to balance the things that the state doesn't have or that the economy can't produce. This has created an imbalance between the rate of growth of the money supply and the rate of growth of commodity and services on the social markets, which has reduced the buying power of the monetary unit (or the value of the dong). This, in turn, has pushed up price levels.

As this imbalance becomes more and more serious, inflation will become worse and worse.

Thus, in order to bring inflation under control, steps must be taken to reduce the amount of currency in circulation. The banks must pledge to maintain the value of the dong in order to maintain the prestige of the government, contribute to stabilizing prices on the social markets, and, based on this, stabilize the lives of the wage earners instead of continuing to put more money into circulation.

In my view, the only way to get our country's economy out of the difficulties discussed above is to continue the renovation movement and resolutely abolish state subsidies through capital in production and business operations in order to switch to a market mechanism. This must be done in the following way:

Stage 1 in the strategy discussed above is to replace the present irrational interest rate policy and compel the commercial banks to switch to currency commercial activities. To do this, we must immediately implement two elementary principles in a currency commerce:

First, loan interest rates must be higher than or equal to interest rates on deposits (both timed deposits and savings deposits).

Second, interest rates on savings deposits must be equal to the basic interest rate (to encourage people to lend money) plus the rate of inflation (calculated based on the inflation index for the social markets in order to maintain the value of the dong).

In periods when the rate of inflation exceeds 2 percent a month, the average monthly inflation index for the prior quarter can be used to adjust interest rates for the following quarter. Adjustments must be made promptly until the inflation index stabilizes at a level below 2 percent a month.

This method will have two effects. First, the amount of money in circulation will quickly be reduced, and second, this will limit unnecessary credit needs.

If these measures are applied when the inflation rate is higher than 2 percent a month, many economic units, particularly production units having a business cycle longer than three months, will experience difficulties. The state must examine each specific case in order to reduce the "fever" by waiving taxes or providing price subsidies until the inflation rate has dropped below 2 percent a month. On the other hand, the commercial banks can mobilize much capital from regular or timed savings deposits, but it will be difficult to find borrowers. And it is almost certain that stagnation will occur in the economic units that have long been suffering losses.

These types of economic units must be dealt with resolutely. The form of ownership can be changed, they can be rented or contracted out, or they can be incorporated into profitable economic units. Or, they can be disbanded.

The minimum price that must be paid for this solution is the bankruptcy of the economic units that have been operating at a loss, particularly in the state commercial sectors and in the service sectors. Because of this, the number of unemployed people will temporarily increase. The state will form a number of financial corporations to deal with the bankrupt enterprises. Using the capital that is recovered, it can help these people find other jobs or retrain them.

I think that many of the state enterprises that have long dealt with and grown accustomed to the irrational interest rate policies of the banks will pass this test. Once the multi-faceted capital market is in operation, our country's economy will blossom, and the new sectors and enterprises will quickly grow and create favorable conditions and a favorable environment for attracting large amounts of foreign investment capital in order to basically solve the job problem in our country.

The lessons in 1989 showed that together with raising interest rates in a rational way, if we make synchronized use of the other measures discussed above, in just a few months, we can stabilize price levels. This is an ideal condition for switching to a market mechanism. Thus, beginning now, we must immediately perfect the commercial laws, the bankruptcy law, and the tax laws, revise a number of points in the banking law, and revise the

constitution in order to affirm the ownership and commercial organization forms, organize the state management apparatus at the various echelons, and so on. The purpose of this is to create a favorable legal environment for the formation of the new structure of the socioeconomic system.

Stage 2 in the strategy is the decisive stage for the fate of the renovation movement. Specifically, we must conduct "major surgery" in order to remove the various echelon authorities from the state economic sector and end the symbiotic relationship between the state management apparatus and the production and business units in the economic elements by following these steps:

Step 1: We must basically reform the wage system for officials and civil servants and openly promulgate standards and measures for testing and selecting such cadres.

Step 2: The "amusing laws" must be synchronized so that the multi-faceted capital markets and labor markets can operate smoothly. There must be social mobility for every national force, and particular attention must be given to expanding the corporate forms from the bottom up. A bond market must be established in order to attract investment capital and promote the transfer of capital to the profitable commercial spheres.

Step 3: Three new pillars of the market economy must be built:

The State Planning Commission must be abolished, and a Ministry of Economics and Planning must be established in order to formulate social and economic development strategies and policies.

The Ministry of Finance must be abolished, and a Ministry of Budget Revenues must be established in order to collect taxes. A number of financial corporations must be established in order to manage the national property and assets and, at the same time, solve the foreign debt problem. These corporations can be directly subordinate to the Ministry of Economics and Planning or to the government.

The state bank must be separated from the currency business sphere, and its role must be increased in controlling the printing [of money] and in monitoring the multi-faceted capital markets in order to stabilize the value of the Vietnamese dong and contribute to stimulating capital and technical circulation and the transfer of technology. The commercial and investment banks, the credit organizations, and the financial organizations must be compelled to switch to true economic accounting.

Step 4: Commercial finances must be separated from state finances, and based on this, the state management apparatus must be separated from the economic units in every element. This is the final "cut" in this "operation."

To ensure success, besides performing an excellent operation and having harmony, there must be specific material conditions. Specifically, there must be an aid fund in order to overcome the socioeconomic effects both during and after the surgery. In order to have such a fund, public buildings, assets, and other resources that are not being used or that are not being used efficiently can be sold or rented out. And if there are clear plans, we can try to obtain aid from international organizations and governments of good will.

This surgery will, of course, be quite painful, because it affects the interests of many sectors and localities and the material and spiritual rights, reputation, and powers of many people with positions in society. But only by operating and removing the tumor can we hope to help our very weak economy and create the conditions for curing its chronic illness, the budget deficit, which is one of the causes of inflation. Moreover, this is the only way to put an end to corruption, create an environment in which the multi-faceted commodity economy can grow, and quickly get our country of the present socioeconomic crisis, which has existed for many years now.

What Is Price Inflation?

00000000 Hanoi TAP CHI CONG SAN in Vietnamese
No 8, Aug 91 pp 38-40

[Article by Vu Ngoc Nhung; not translated]

The Principle of Democratic Centralism in the Organization and Operation of Our State Apparatus

923E0002G Hanoi TAP CHI CONG SAN
in Vietnamese No 8, Aug 91 pp 41-42

[Article by Nguyen Van Thao, director of the Institute of Jurisprudence, Ministry of Justice]

[Text] The principle of democratic centralism has been used widely in all the organizations in our country's political system, in the organizations and activities of the party and state apparatus, and in the mass organizations, including a number of mass associations of a professional or social nature. Because of the special characteristics, method of formation, position, functions, tasks, powers, and operating methods of each organization in the different systems, the principle of democratic centralism has been applied differently in each organization.

In the organization and activities of the state apparatus, the principle of democratic centralism is manifested in many spheres. But it is seen most clearly in the method of organization and the division of power among the high echelon organs of the state (the National Assembly, the government, the courts, and the organs of control), in decentralization between the central and local authorities, and in the measures for transferring responsibility for production and business between the state organizations and the directly-subordinate state economic organizations.

The principle of democratic centralism has been used in accord with the special characteristics of each sector (agriculture, industry, communications, posts, and so on), the general level of development of the economy and society and the use of the scientific and technical advances, and the level of development of each area. This principle does not give any formulas or rigid models. Instead, it must be used in a very flexible way depending on the specific factors and conditions.

In particular, in each type of organization within the state apparatus, the application of this principle depends on the special characteristics of the organization.

The National Assembly, the highest power organization of the state, is the organization that makes decisions on the most important problems concerning internal and foreign affairs. It is the only organization with the power to formulate laws and maintain supreme control with respect to the other state organizations. That position and those functions, tasks, and powers require that the National Assembly operate in a collective way. This means that each issue must be discussed, debated, examined, and finally decided by majority vote.

Democratic centralism in the organization and activities of the National Assembly is manifested mainly in the way that the National Assembly operates, that is, it holds meetings, debates and issues resolutions, and pass laws and resolutions.

The National Assembly does not operate using a command system, because that is a special operating method of the organizations that enforce the laws and carry out administrative (control) functions. The National Assembly does not guide the operations of the local people's councils, because the local administrative organizations, including the people's councils, are organizations that implement the laws and directives of the central organizations based on the principle of legislative unity of the state.

The National Assembly does not guide the government in enforcing the laws but maintains supreme control. Control is different from inspection. It's not a matter of sending inspection units to the localities or bases, arriving at a conclusion, and making a motion. The supreme control of the National Assembly is manifested on two fronts. First, it can suspend the enforcement of inappropriate documents of the government or provincial people's councils, or it can revise or void these documents. Second, it can pose questions and ask the government, the courts, and the organs of control to explain issues about which it is concerned and express agreement or disagreement and a lack of confidence.

In short, democratic centralism in the organization and activities of the National Assembly is manifested primarily at the sessions of the National Assembly and through its conclusions, resolutions, and laws.

In the organization and activities of the government the principle of democratic centralism is applied with different contents. The government is the organization that implements the laws (often referred to as an enforcement organization). It is the highest management organization (often referred to as an administrative organization). The government and the organizations subordinate to the administrative system are organized and operate in accord with a system of heads. In the enforcement and administrative organizations, the problem is to act in accord with the laws. The laws are stipulated by the National Assembly, but the activities of these organizations must be carried on in accord with the decisions made by the head of the organization.

The collective discussions and votes by a number of administrative organizations such as the Council of Ministers and the various echelon people's committees are recorded in the laws, but in the final analysis, these still depend on the leadership and guidance of the heads of the organizations, that is, the chairman of the Council of Ministers (with respect to the activities of the Council of Ministers) and the chairmen of the people's committees (with respect to the activities of these committees). The laws currently in force also state the leadership and guidance responsibilities and powers of these two positions.

In reality, in their activities, the Council of Ministers and the various echelon people's committees rarely hold a vote. Instead, they usually make decisions based on the conclusions of the chairman.

Organization, operations, and management by sector in conjunction with by territory is a manifestation of the principle of democratic centralism in the administrative organizations. This is a very important feature of national administration. Previously, because of too great a slant in economic orientation during the state subsidies period, our definition concerning control contents based on sector and territory were in accord with the old mechanism of an in-kind economy and state subsidies. Now that we have switched to a multifaceted commodity economy, we must have new contents on management by sector and territory so that the state administrative organizations, ministries, people's committees, and services can concentrate on carrying out their state management tasks and the state economic organizations can concentrate on production and business activities. Something even more important is to organize a strong, centralized, and unified administration, oppose dispersion and localism, and given real power to the local authorities to manage the area and population in a number of specific spheres.

There are many other issues of democratic centralism in the system of administrative organizations, such as the issue of administrative jurisdiction, the promulgation of regulations under the law, and the promulgation of specific administrative decisions related to the lives of each citizen. Administrative jurisdiction is stipulated very specifically, manifesting the powers and responsibilities of the administrative organizations based on the principle of democratic centralism and ensuring the rights of citizens when the administrative organizations issue specific decisions, such as permitting or suspending business activities, approving or rejecting something, requiring or not requiring something, issuing a fine or giving a bonus, seizing something or paying compensation, and so on.

In the organization and operations of the judicial organizations and organs of control, the principle of democratic centralism is manifested in the special features of the organizations that uphold the laws.

As for the courts, the principle of independent trial by a judge and people's assessor is the highest principle manifesting centralism and democracy. Centralism here means that the judge must adhere to the letter of the law, because the laws are the central will power of the people, the lines of the party, and the positions and policies of the state. Democracy here refers to the fact that the laws give the judge and the assessor the right to apply the laws in each individual case, pass sentence, and resolve disputes given their responsibility before the law. Independent trial means that there can be no interference in the activities of the judges and assessors. The lower courts, courts of appeal, and trial directors must not be subordinate to each other. The relationship between the courts is a relationship of legal action. There is no guidance, command, or management relationship such as in the system of administrative organizations.

The election of judges and people's assessors (or the appointment of judges as stipulated by our country's 1946 constitution), the measures for decentralizing trials among the courts, and the methods used to organize the courts are not dependent on administrative circles but on the principle of two trial levels (the lower court and the court of appeals). This principle is closely related to the use of the principle of democratic centralism in the organization and activities of the courts.

With respect to the organs of control, the use of the principle of democratic centralism has special features here, too. This refers to the highly centralized control of the Supreme Organ of Control with respect to the activities of the local organs of control, including professional activities (lawsuits, inspections within the scope of their jurisdiction, prosecution, general control, and control of the spheres) and the control and organization activities (expenditures, cadre training, selection, mobilization, and so on). The organization and activities of the organs of control follow the principle of judicial unity in the country. The organs of control are responsible for maintaining that unity and so they are organized based on a parallel, centralized system.

The manifestations of the principle of democratic centralism in each system of the state apparatus show that this is a very complex problem. Perhaps the most complex thing is to determine the "degree" of centralism and democracy in order to maintain centralism and manifest democracy and use these two aspects in accord with the economic, scientific and technical, and social standards, the management standards, and the people's standard of culture and in accord with each sector, echelon, type of organization, and locality in the different periods. This problem must be studied in depth with a scientific and practical basis. Only in this way will this contribute to heightening the management role of the state and stimulating economic and social development.

Opposing Corruption, a Struggle That Has Just Begun

00000000 Hanoi TAP CHI CONG SAN in Vietnamese
No 8, Aug 91 pp 43-45

[Article by Bu Phong; not translated]

Solve the Housing Problem in Our Country's Cities

00000000 Hanoi TAP CHI CONG SAN in Vietnamese
No 8, Aug 91 pp 46-48

[Article by Le Hong Ke; not translated]

Independence and Solutions Regarding Capital for the State Enterprises

00000000 Hanoi TAP CHI CONG SAN in Vietnamese
No 8, Aug 91 pp 49-53

[Article by Phung Thi Doan; not translated]

Self-Deception

00000000 Hanoi TAP CHI CONG SAN in Vietnamese
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[Article by Giang Thien duc; not translated]

An Old Friend

00000000 Hanoi TAP CHI CONG SAN in Vietnamese
No 8, Aug 91 p 55

[Article by Tam Ha; not translated]

**A New Step Forward on the Path of Cambodian
National Accord**
*00000000 Hanoi TAP CHI CONG SAN in Vietnamese
No 8, Aug 91 p 56*

[Article by the "Commentor"; not translated]

Since the Collapse of the American Puppets
*00000000 Hanoi TAP CHI CONG SAN in Vietnamese
No 8, Aug 91 pp 57-59*

[Article by La Con; not translated]

**On a Mechanism for Coordinating Planning and
Marketing**

00000000 Hanoi *TAP CHI CONG SAN* in Vietnamese
No 8, Aug 91 pp 60-62

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